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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

(Mark One)

[✓] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

BEST COPY AVAILABLE

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

137-13
PROCESSED
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Commission file number 0-19567

CARDIAC SCIENCE, INC.

(Exact name of registrant as specified in its charter)

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DELAWARE	33-0465681
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
9975 Toledo, Irvine, California	92718
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (714) 587-0357

Not Applicable

(Former name, former address and former fiscal year, if changed, since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of shares of the Common Stock of the registrant outstanding as of April 30, 1992 was 6,977,448

CARDIAC SCIENCE, INC.

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CARDIAC SCIENCE, INC.

BALANCE SHEET

ASSETS

	December 31, 1991	March 31, 1992 (Unaudited)
Current assets:		
Cash and equivalents	$ 11,263	$ 371
Total current assets	11,263	371
Equipment, at cost	8,512	8,512
Less accumulated depreciation	(1,318)	(1,741)
Equipment, net	7,194	6,771
	$ 18,457	$ 7,142

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 0	$ 35,037
Accrued interest	8,299	15,392
Note payable to a related party	243,405	289,979
Total current liabilities	251,704	340,408
Stockholders' equity (deficiency):		
Preferred stock, $.001 par value; 1,000,000 shares authorized, none issued or outstanding at December 31, 1991		
Common stock - $.001 par value, 20,000,000 shares authorized, 6,927,448 shares issued and outstanding at December 31, 1991 and March 31, 1992	6,927	6,927
Additional paid-in capital	4,073	4,073
Deficit accumulated during the development stage	(244,247)	(344,266)
Total stockholders' deficiency	(233,247)	(333,266)
	$ 18,457	$ 7,142

See accompanying notes.

CARDIAC SCIENCE, INC.

CONDENSED STATEMENT OF OPERATIONS

Three months ended March 31, 1992
(unaudited)

Costs and expenses:	
Research and development	$ 41,206
General and administrative	51,720
Interest expense	7,093
Total costs and expenses	100,019
Net loss	$ (100,019)
Loss per share	$ (.01)
Number of shares used in the computation of loss per share	6,927,448

See accompanying notes.

CARDIAC SCIENCE, INC.

CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY

Three Months Ended March 31, 1992
(Unaudited)

	Common stock		Additional paid-in capital	Accumulated deficit	Total
	Number of shares	Amount			
Balance at December 31, 1991	6,927,448	$ 6,927	$ 4,073	$ (244,247)	$ (233,247)
Net loss				(100,019)	(100,019)
Balance at March 31, 1992	6,927,448	$ 6,927	$ 4,073	$ (344,266)	$ (333,266)

See accompanying notes.

CARDIAC SCIENCE, INC.

CONDENSED STATEMENT OF CASH FLOWS

Three months ended March 31, 1992
(unaudited)

Cash flows from operating activities:		
Net loss	$	(100,019)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization		423
Accounts payable converted to note payable to related party		46,574
Changes in assets and liabilities:		
Accounts payable		35,037
Accrued interest		7,093
Net cash used in operating activities		(10,892)
Cash flows from investing activities:		
Purchase of property and equipment		0
Net cash provided by (used in) investing activities		0
Cash flows from financing activities:		
Proceeds from issuance of common stock		0
Net cash provided by financing activities		0
Net decrease in cash and equivalents		(10,892)
Cash and equivalents at beginning of period		11,263
Cash and equivalents at end of period	$	371
Supplemental cash flow disclosures:		
Cash paid during the period for:		
Income taxes	$	0
Interest	$	0

See accompanying notes.

CARDIAC SCIENCE, INC.

NOTES TO UNAUDITED CONDENSED FINANCIAL STATEMENTS
March 31, 1992

A. Organization and Operations of the Company

Cardiac Science, Inc. (the Company) was incorporated on May 20, 1991 to develop, manufacture and market a family of minimally invasive and non-invasive (non-surgical) Automatic External Cardioverter Defibrillator ("AECD") devices (the "Products") to prevent "Sudden Cardiac Death" ("SCD"). SCD is the most frequent cause of death in the United States. The Company's Products will be designed to continuously monitor, quickly detect and then automatically, through transmission of electrical energy charges to the patient's heart, terminate the onset of ventricular tachyarrhythmia (dangerously fast heart rate) and/or ventricular fibrillation (quivering of the heart following tachyarrhythmia which usually results in death). Among the cardioverter/defibrillator devices under development by the Company will be ambulatory (mobile) AECD devices similar in function to the Implantable Cardioverter Defibrillator ("ICD") devices of other firms that are either currently approved for sale by the U.S. Food and Drug Administration (the "FDA") or are undergoing clinical trials. However, the Company's planned AECD Products will not require the thoracic and abdominal surgery to implant the devices, which includes opening the chest, exposing the heart and making surgical attachments of electrodes directly onto the heart, which is presently required for the use of most such ICD devices.

B. Summary of Significant Accounting Policies

Basis of Presentation and Continued Existence

The Company is in the development stage. From May 20, 1991 (inception) through March 31, 1992 the Company has not generated any operating revenues and has incurred losses of $344,266. Recovery of the Company's assets is dependent upon future events, the outcome of which is indeterminable. Additionally, successful completion of the Company's development program and its transition, ultimately, to attaining profitable operations is dependent upon obtaining additional financing adequate to fulfill its research and development activities, and achieving a level of revenues adequate to support the Company's cost structure. The Company is currently attempting to refinance its debt and identify other sources of financing. There can be no assurance that the Company will be successful in these areas.

In the opinion of the Company's management, the accompanying unaudited financial statements include all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation of its financial position at March 31, 1992 and results of operations and cash flows for the periods presented. Although the Company believes that the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted and should be read in conjunction with the Company's audited financial statements included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on April 13, 1992. Results of operations for the three months ended March 31, 1992 are not necessarily indicative of results to be expected for the full year.

C. **Per share information**

Per share information is presented in the accompanying statement of operations based upon the weighted average number of common shares outstanding.

D. **Stock distribution**

In May 1991, the Company issued 5,353,031 shares of common stock to Cytocare, an affiliated company, and an additional 1,574,417 shares to other individual founding shareholders, for cash payments of $.0016 per share. In July 1991, Cytocare distributed as a dividend to its shareholders, one share of the Company's common stock for each share of Cytocare held. Accordingly, 4,723,263 shares of the Company's common stock were distributed, with Cytocare retaining ownership of 629,768 shares. The Company's common stock may not be transferred before May 15, 1992.

E. **Income Taxes**

The Company has elected to adopt Financial Accounting Standards Board Statement No. 109. The implementation had no material impact on the Company's financial position or results of operations.

F. **Note payable**

The note payable consists of the following:

Note payable - Cytocare, Inc.	
Revolving loan, due December 31, 1991 for up to $220,000, unsecured and bearing interest to 10% per annum	$ 305,371
Total (including accrued interest)	$ 305,371

Upon the date of issuance of this report, no amounts have been repaid against the loan. As the note was not repaid, it is currently due on demand.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cardiac Science, Inc. (the "Company") is a development stage company which is primarily engaged in the development of non-invasive automatic defibrillator devices to treat persons suffering from certain forms of coronary heart disease. The Company commenced operations in May 1991. Its operations to date have consisted primarily of organizational, planning and development activities. Although it has completed an initial engineering prototype for a potential product and is developing its clinical version, the Company is not at a commercial stage where revenues are expected and has not obtained any revenues to date.

Results of Operations

For the three months ended March 31, 1992, the Company had no revenues and a net loss of $100,019 as a result of expenditures relating primarily to its organization, product development and financing-related activities. It is anticipated that the Company will continue to incur losses in coming periods.

Research and development activities continued and expenses for these functions were $41,206 for the first quarter of 1992. General and administrative expenses were $51,720 for this quarter, which includes the cost of the audit of the Company's books as of December 31, 1991. Interest expense of $7,093 was incurred during the quarter. No sales expenses were incurred during this period.

Liquidity and Capital Resources

The Company received cash of $11,000 upon its initial share issuances to its founding shareholders in May 1991. In addition, Cytocare, Inc., the former parent company of the Company ("Cytocare"), has made loans to the Company, including $53,667 during the three months ended March 31, 1992, which aggregated, with interest, approximately $305,000 at March 31, 1992. No repayment to Cytocare has as of yet been made. On March 31, 1992, the Company had a working capital deficit of $340,037 and a stockholders' deficiency of $333,266.

On April 28, 1992, the Company completed its negotiation toward securing additional debt financing totalling $500,000, of which $250,000 was received on April 30, 1992 from Technology Funding Partners I, a Menlo Park venture capital company ("Technology Funding"). The remaining $250,000 represents a commitment on the part of Cytocare to provide $50,000 per month for five months, commencing September 1992. In conjunction with this new funding, warrants were granted to Technology Funding and are to be granted to Cytocare upon the advancement of the agreed upon loans, and the then current indebtedness (totalling $310,000) to Cytocare was extended in exchange for additional warrants. The $810,000 of indebtedness described in this paragraph are subject to loan and security agreements which provide for, among other things, (a) a maturity date of the earlier of April 1, 1995 or the date of the initial public offering of the Company, (b) interest at the rate of 8% per annum, payable quarterly, and (c) a security interest on all of the Company's assets.

In order to carry out its planned development of the Products and other activities, the Company will be required to raise substantial additional equity and/or debt funding. Without the receipt of such funding, the Company will likely be unable to continue as a going concern. The Company's President has entered into discussions with underwriters, venture capital firms, corporations involved in the health care industry and other potential investors regarding possible public or private offerings of securities, product development or distribution agreements or other financing transactions that might be made or entered by the Company in the near future. No assurance can be given that the Company will be able to obtain such needed financing on favorable terms or at all. Should the Company be unable to obtain such funding, the Company will be unable to continue its operations.

CARDIAC SCIENCE, INC.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

On April 28, 1992, the Company entered into Loan and Security Agreements, as well as other related agreements (the "Loan Agreements"), with each of Technology Funding Partners, Inc., a venture capital company ("Technology Funding"), and Cytocare, Inc., the former parent company of the Company ("Cytocare"), with respect to $500,000 of new debt financing to the Company. On April 30, 1992, pursuant to the Loan Agreements, the Company received $250,000 from Technology Funding. The remaining $250,000 represents a commitment on the part of Cytocare to provide to the Company $50,000 per month for five months, commencing September 1992. In conjunction with this new funding, warrants were granted to Technology Funding, are to be granted to Cytocare upon the advancement of the agreed upon loans, and the then current indebtedness (totalling $310,000) to Cytocare was extended in exchange for additional warrants (the "Warrants"). The aggregate exercise price of the Warrants is equal to the amounts of the specified loans. The initial exercise price is $.15 per share or, if greater, (i) 50% of the average bid price per share of Common Stock of the Company during the period June 30, 1992 through July 31, 1992 or (ii) 50% of the price per share received by the Company for the sale of its Common Stock in an underwritten public offering closed not later than October 1, 1992. The Loan Agreements also provide for, among other things, (a) maturity date of the earlier of April 1, 1995 or the date of the initial public offering of the Company, (b) interest at the rate of 8% per annum, payable quarterly, and (c) a security interest on all of the Company's assets. The Loan Agreements are attached hereto as Exhibit (a) and are incorporated herein by reference.

On May 6, 1992 the Company announced that its Board of Directors will lift the restriction on transfers of the 4,723,263 shares of the Company's common stock which were distributed to holders of Cytocare common stock on the date of record of July 8, 1991.

PART II. OTHER INFORMATION
(continued)

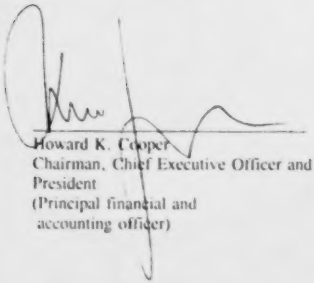
Item 6. Exhibits and Reports on Form 8-K

(a) The Loan Agreements.
(b) No reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CARDIAC SCIENCE, INC.



Date: May 8, 1992

Howard K. Cooper
Chairman, Chief Executive Officer and President
(Principal financial and accounting officer)